

NEW APPLICATION



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LAWRENCE V. ROBERTSON, JR.

ATTORNEY AT LAW

P. O. Box 1448
TUBAC, ARIZONA 85646

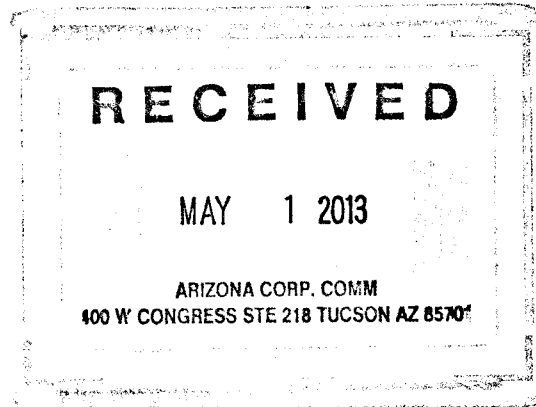
(520) 398-0411
FAX: (520) 398-0412
EMAIL: TUBACLAWYER@AOL.COM

OF COUNSEL TO
MUNGER CHADWICK
ATTORNEYS AT LAW

ADMITTED TO PRACTICE IN:
COLORADO, MONTANA
DISTRICT OF COLUMBIA

April 30, 2013

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



Re: Direct Energy Services, LLC
Docket No. E-_____A-13-_____

E-20884A-13-0126

To Whom It May Concern:

Enclosed for filing on behalf of Direct Energy Services, LLC are the original and thirteen (13) copies of an Application for a Certificate of Convenience and Necessity, together with supporting Appendices and a related Cover Letter from the President of Direct Energy Residential, Steven Murray.

Thank you for your assistance. Please advise me if you have any questions.

Sincerely,

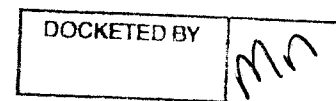
Lawrence V. Robertson, Jr.
Lawrence V. Robertson, Jr.

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Arizona Corporation Commission
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MAY - 2 2013



PHOENIX OFFICE: 2398 E. CAMELBACK RD., STE 240, PHOENIX AZ 85016 PH: (602) 358-7348 FAX: (602) 441-2779

TUCSON OFFICE: 333 N. WILMOT RD, STE 300, TUCSON AZ 85711 PH: (520) 721-1900 FAX: (520) 747-1550



12 Greenway Plaza, Suite 250, Houston, TX 77046, USA

Main office: 713-877-3501

Fax: 713-877-3781

www.directenergy.com

April 30, 2013

Honorable Bob Stump
Chairman, Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Dear Honorable Bob Stump:

Direct Energy is pleased to submit the enclosed Application for a Certificate of Convenience and Necessity (CC&N) to the Arizona Corporation Commission (ACC) for your consideration and hopefully ultimate approval. We are optimistic about the prospect of the opportunity to serve retail electric customers in Arizona, particularly residential and small business customers. As a company, Direct Energy has already made significant investments in Arizona and is committed to playing a larger and even more beneficial role in the future Arizona economy.

After well over a decade of competitive energy market implementation throughout the country, Direct Energy believes Arizona is poised to develop a successful competitive energy market. In that regard, an expeditious review of and decision upon our Application will empower retail customers with access to the full suite of benefits that retail competition can bring. These benefits have been demonstrated throughout the country where electric and gas markets have allowed competition and choice for consumers.

Direct Energy is ready to work with stakeholders in Arizona to establish necessary protocols and procedures that will allow consumers in the state to reap the full value of a competitive retail market structure. Direct Energy has demonstrated corporate commitment in Arizona with the expansion of our Call Center in Tempe and contracting with a vendor to establish another significant Call Center in Tucson. Direct Energy will continue to make significant investment in the state as competition is realized. Additionally, we are pleased to be serving two of Arizona's largest retail customers in the APS territory through the AG-1 Pilot Program. These customers are fortunate to have qualified and are realizing benefits through cost savings by participating in the program.

With the development of a competitive marketplace comes innovation in products and services to the benefit of all classes of retail electric customers. We expect substantive positive changes

for low-income customers, fixed-income customers, senior citizens, small business owners and larger commercial and industrial businesses.

At Direct Energy we hold true to our core values of "Harnessing our energy expertise to make a difference in people's lives". Direct Energy has developed programs to recognize, honor, and financially assist people who are making a difference in their communities. We are integrated with the USO having sponsored and supported a number of USO events, donating time and financial assistance as well as holding a seat on the USO Board.

We have our Volunteer Citizen of the Year program, which salutes a person who truly encapsulates the volunteer spirit. The program started small, but by the years' end will be live in 18 cities across the US. This year we also launched our Small Business Community Heroes award program, which is aimed at small business owners who are going above and beyond to make a difference in their local communities. We are also running our Reduce Your Use for Good campaign, which has Direct Energy granting \$100,000 to nonprofits all over the Direct Energy footprint for energy efficiency upgrades. We are excited to bring this value to Arizona and the energy consumers in the state.

We thank you for your leadership, thoughtfulness and careful consideration of our CC&N Application and look forward to working together for the benefit of Arizona.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Murray", with a horizontal line drawn underneath it.

Steven Murray, President
Direct Energy Residential

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman

GARY PIERCE

BRENDA BURNS

SUSAN BITTER SMITH

BOB BURNS

IN THE MATTER OF THE APPLICATION OF)
DIRECT ENERGY SERVICES, LLC FOR A) DOCKET NO. E-0 ____ A-13-____
CERTIFICATE OF CONVENIENCE AND)
NECESSITY AUTHORIZING THE PROVISION) APPLICATION
OF COMPETITIVE RETAIL ELECTRIC)
SERVICES)

Pursuant to A.R.S. §§ 40-201, 40-202, 40-207, 40-281, 40-282 and A.A.C. R14-2-202, Direct Energy Services, LLC ("Direct Energy") hereby applies for a certificate of convenience and necessity ("CC&N") authorizing it to provide competitive retail electric services within the State of Arizona ("Application"). In support of this Application, Direct Energy submits the information set forth below, and that contained in the Appendices attached to this Application, which are incorporated herein by this reference.

I.

INTRODUCTION

This Application is organized with the intent of providing the Arizona Corporation Commission ("Commission") and Staff of the Arizona Corporation Commission ("Staff") with that information required or contemplated (as the case may be) by both (i) the aforesaid statutory provisions, and (ii) A.A.C. R14-2-202. In addition, as supplemental background information, Direct Energy is providing some of the information contemplated by A.A.C. R14-2-1603. Finally, Direct Energy provides a summary of the public interest that it believes would be served by granting the CC&N requested in this Application.

II.

A.A.C. R14-2-202 INFORMATION AND DISCUSSION

A. R14-2-202(A)(1)(a)

1 The name, address and general contact information for Direct Energy are as follows:

2 Direct Energy Services, LLC
3 c/o Direct Energy, LP
4 12 Greenway Plaza, Suite 250
Houston, TX 77046
Phone: (713) 877-3500

5 The name, address and contact information for Direct Energy personnel in connection with
6 this Application are as follows:

7 Andrea Morrison
8 Director, Government and Regulatory Affairs
9 415 Dixon Street
Arroyo Grande, CA 93420
10 Phone: (916) 759-7052
Email: andrea.morrison@directenergy.com

11 Patricia Otto
12 Head of Legal, Direct Energy Residential
13 12 Greenway Plaza, Suite 250
Houston, TX 77046
14 Phone: (713) 877-3503
Email: patricia.otto@directenergy.com

15 Craig Galligan
16 Senior Legal Counsel, Direct Energy Business
17 1001 Liberty Avenue, Suite 1200
Pittsburgh, PA 15222
18 Phone: (412) 667-5151
Email: craig.galligan@directenergy.com

19 Neha Parekh
20 Legal Counsel, Direct Energy Residential
21 12 Greenway Plaza, Suite 250
Houston, TX 77046
22 Phone: (713) 904-7399
Email: neha.parekh@directenergy.com

23
24 The name, address and contact information of Direct Energy's attorneys in connection with
25 this Application are as follows:

26 Lawrence V. Robertson, Jr.
27 Of Counsel to Munger Chadwick, PLC
28 P. O. Box 1448
Tubac, AZ 85646
Phone: (520) 398-0411

Fax: (520) 398-0412
Email: Tubaclawyer@aol.com

Robert J. Metli
Munger Chadwick, P.L.C.
2398 E. Camelback Road, Suite 240
Phoenix, AZ 85019
Phone (602) 358-7348
Fax: (602) 441-2779
Email: rjmetli@mungerchadwick.com

Direct Energy is a Delaware limited liability company, which was formed in 2004. Direct Energy is wholly-owned by Centrica PLC, which is domiciled in the United Kingdom and is the parent of British Gas. Direct Energy's retail commercial and industrial group operations are conducted through Direct Energy Business, LLC, ("Direct Energy Business") which is wholly-owned by Direct Energy and is also a Delaware limited liability company. Direct Energy's retail residential and wholesale supply operations are conducted through Direct Energy. Direct Energy's Certificate of Formation, and Direct Energy Business' Certificate of Formation and Certificate of Amendment to Certificate of Formation are attached hereto as Appendix "A." Attached hereto as Appendix "B" is a list of Direct Energy's Directors and Officers, and a list of Direct Energy Business' Directors and Officers, respectively.

B. A.A.C. R14-2-202(A)(1)(b)

The nature and range of rates proposed to be charged for the various competitive retail electric services to be provided by Direct Energy, together with related terms and conditions of service, are set forth in Direct Energy's proposed Competitive Electricity Tariffs, copies of which are attached hereto as Appendix "C" and Appendix "D."

C. A.A.C. R14-2-202(A)(1)(c)

Direct Energy is wholly owned by Centrica, PLC and as such does not generate a separate audited financial statement for itself in the regular course of business. Therefore, Direct Energy is providing a link to Centrica's audited financial statement for the twelve (12) months ending

December 31, 2012, which link is attached hereto as Appendix "E".¹

D. A.A.C. R14-2-202(A)(1)(d)

Direct Energy proposes to offer competitive retail electric services within the electric service areas of Arizona Public Service Company ("APS"), Salt River Project ("SRP") and Tucson Electric Power Company ("TEP").

In that regard, attached hereto as Appendix "F," is a map of Direct Energy's proposed service market areas in Arizona along with a description of Direct Energy's substantial experience in providing competitive retail electric services in other jurisdictions.

E. A.A.C. R14-2-202(A)(1)(e)

A.R.S. § 40-209 indicates that a franchise from cities, towns or counties is not required for the type of competitive retail electric services which Direct Energy proposes to provide to customers. However, consistent with A.R.S. § 40-209, Direct Energy hereby indicates its willingness to pay franchise fees required of licensed competitive retail electric service providers related to any retail electricity sale made in Arizona, provided that the imposition of any such fee by any city, town or county is lawful under Arizona law.

F. A.A.C. R14-2-202(A)(1)(f)

Direct Energy is proposing to offer competitive retail electric generation and aggregation services to both non-residential and residential customers within the respective service areas of APS, SRP and TEP pursuant to the applicable provisions of Direct Energy's proposed Competitive Electricity Tariffs and any relevant statutes and/or regulations lawfully promulgated by the Commission.

G. A.A.C. R14-2-202(A)(1)(g)

Direct Energy is prepared to provide such information, in addition to that information contained within or accompanying this Application, as the Commission may order or the Staff hereafter by written directive may request, consistent with the Commission's requirements for

¹In that regard, in connection with testimony it will provide in support of this Application, as and when requested by the Commission, Direct Energy intends to discuss why it believes that the credit commitment and financial resource support it intends to devote to its provision of service in Arizona will assist the Commission in making that determination of "fair value" required under Arizona law.

1 applications filed pursuant to A.R.S. §§ 40-281 and 40-282, such as the instant Application.

2 **III.**

3 **A.A.C. R14-2-1603**

4 **INFORMATION AND DISCUSSION**

5 **PREFATORY COMMENT:** Direct Energy recognizes that some questions may surround the
6 current legal status of certain of the regulations set forth at A.A.C. R14-2-1601 et seq., as a result
7 of the decision of the Arizona Court of Appeals in Phelps Dodge Corporation v. Arizona Electric
8 Power Cooperative, Inc., 207 Ariz. 95, 83 P.3d 573 (Ct. App. 2004). In that regard, as noted
9 above, Direct Energy's Application is not predicated upon those regulations. However, and in
10 addition to the information discussed and provided in Section II above, Direct Energy is providing
11 information contemplated by A.A.C. R14-2-1603, which might be pertinent to the subject matter
12 of this Application, as supplemental background information for the Commission incident to an
13 exercise of its broad authority and discretion under A.R.S. §§ 40-201, 40-202, 40-207, 40-281 and
14 40-282 and A.A.C. R14-2-202 to grant CC&Ns of the nature requested by this Application.²

15 **A. A.A.C. R14-2-1603(A)**

16 Direct Energy believes that this Application and the supporting Appendices are responsive
17 to that activity contemplated by this subsection.

18 **B. A.A.C. R14-2-1603(B)(1)**

19 Direct Energy proposes to offer competitive retail electric generation and aggregation
20 competitive retail electric services to both non-residential and residential customers located within
21 the electric service areas of APS, SRP and TEP. In that regard, Direct Energy anticipates that
22 associated meter reading and meter service services will be provided by entities and/or persons
23 authorized by the Commission and/or other permitting agency(ies) under applicable law. In
24 addition, Direct Energy also anticipates that the Arizona Independent Scheduling Administrator
25 ("AISA"), its predecessor or equivalent will be involved, as necessary or appropriate and as
26 contemplated under the aforesaid utilities' Open Access Transmission Tariffs, in connection with
27
28

1 Direct Energy's provision of competitive retail electric services.

2 C. A.A.C. R14-2-1603(B)(2)

3 See Section II(A) above of this Application and Appendices "A" and "B" hereto.

4 D. A.A.C. R14-2-1603(B)(3)

5 See the proposed Competitive Electricity Tariffs attached to this Application as Appendix
6 "C" and Appendix "D".

7 E. A.A.C. R14-2-1603(B)(4)

8 Appendix "G" to this Application sets forth a description of Direct Energy's technical
9 ability to obtain and deliver electricity on behalf of the customers it proposes to serve, and to
10 provide the proposed services. As noted above, Direct Energy also anticipates coordinating with
11 authorized meter reader and meter service services providers and AISA, its predecessor or
12 equivalent as necessary or appropriate.

13 F. A.A.C. R14-2-1603(B)(5)

14 As noted in Section II(C) above, Direct Energy is wholly owned by Centrica, PLC and as
15 such does not generate a separate audited financial statement for itself in the regular course of
16 business. Therefore, Direct Energy is providing a link to Centrica's audited financial statement for
17 the twelve (12) months ending December 31, 2012, attached hereto as Appendix "E".³

18 G. A.A.C. R14-2-1603(B)(6)

19 See Section II(A) above and Appendix "A" to this Application.

20 H. A.A.C. R14-2-1603(B)(7)

21 Direct Energy is not an affiliate of any "Affected Utility," as that term is defined in A.A.C.
22 R14-2-1601(1).

25 ² In that regard, of all of the various sections and subsections set forth in A.A.C. R14-2-1601 et seq., only R14-2-1603
26 appears to address information that is directly pertinent to an application for a CC&N to provide competitive retail
electric services.

27 ³ In addition, as previously indicated in Footnote 1 above, Direct Energy is prepared to provide and discuss additional
28 information with the Staff, under appropriate arrangements, regarding Direct Energy's credit commitment and the
financial resource support it intends to devote to the provision of competitive retail electric service in Arizona. In that
regard, such "appropriate arrangements" may include the use of a Protective Agreement, in order to protect
competitively sensitive, proprietary and/or confidential information.

1 **I. A.A.C. R14-2-1603(B)(8)**

2 Direct Energy is prepared to provide such "other information as the Commission or the
3 Staff may request" in connection with the Commission's processing of and decision upon this
4 Application.

5 **J. A.A.C. R14-2-1603(C)**

6 Direct Energy will timely advise the Commission during the Commission's processing of
7 this Application as to any changes which might occur affecting information contained in this
8 Application and/or the supporting Appendices.

9 **K. A.A.C. R14-2-1603(D)**

10 Direct Energy agrees to provide such public notice of this Application as the Commission
11 may require.

12 **L. A.A.C. R14-2-1603(E)**

13 Concurrent with the filing of this Application and supporting Appendices with the
14 Commission, Direct Energy will provide copies of the same to appropriate representatives of APS,
15 SRP and TEP, in whose respective electric service areas Direct Energy is proposing to offer
16 competitive retail electric services. In addition, no later than ten (10) days after the Application
17 has been filed with the Commission, Direct Energy will provide written notice to the Commission
18 through the Commission's Docket Control that Direct Energy has provided notice and copies of
19 this Application to APS, SRP and TEP. Such written notice to the Commission will include the
20 name and address of the person(s) at APS, SRP and TEP who received a copy of this Application.

21 **M. A.A.C. R14-2-1603(F)**

22 This subsection pertains to the authority of the Commission, and does not appear to
23 contemplate the submission of any information by Direct Energy at this time. However, to the
24 extent that this subsection speaks to the need for the Commission to potentially limit the term of
25 the CC&N granted to Direct Energy based on its experience in providing retail electric service, as
26 indicated in Section II(D) above and in Appendix "F," Direct Energy has substantial experience
27 providing the type(s) of competitive retail electric services which are the subject of this
28 Application in other jurisdictions.

1
2 N. A.A.C. R14-2-1603(G)

3 This subsection also pertains to the authority of the Commission in relation to the granting
4 of a CC&N for the provision of competitive retail electric services, and does not appear to
5 contemplate the provision of any specific information by Direct Energy at this time.

6 O. A.A.C. R14-2-1603(H)

7 Direct Energy intends to endeavor to negotiate a "Service Acquisition Agreement," as that
8 term is defined in A.A.C. R14-2-1601(16), with APS, SRP and TEP, respectively. Following
9 execution of such Service Acquisition Agreement(s), Direct Energy will submit the same to the
10 Commission for review and approval.

11 P. A.A.C. R14-2-1603(I)

12 Assuming Commission issuance of a decision granting Direct Energy a CC&N to provide
13 competitive retail electric services, Direct Energy agrees in advance to comply with each of the
14 types of compliance conditions to such a decision specifically contemplated by this subsection.

15 Q. A.A.C. R14-2-1603(J)

16 Direct Energy acknowledges the current regulations regarding a deposits policy and
17 necessity of a performance bond. Accordingly, Direct Energy intends to comply with all existing
18 and future regulations pertaining to same.

19 R. A.A.C. R14-2-1603(K)

20 This subsection pertains to time-frames for the Commission's processing of an application
21 for a CC&N to provide competitive retail electric services. As such, it does not appear to
22 contemplate the filing of any particular information in connection with the initial submission of
23 such an application.

24 IV.

25 ADDITIONAL INFORMATION

26 The preceding sections of this Application and the attachments hereto provide all of the
27 information required or contemplated (as the case may be) by (i) A.R.S. §§ 40-201, 40-202, 40-
28 207, 40-281 and 40-282, and (ii) A.A.C. R14-2-202 in connection with the Commission's

1 consideration of and decision upon this Application. In addition, as supplemental background
2 information, Direct Energy has provided information of the nature contemplated by A.A.C. R14-2-
3 1603. Finally, Direct Energy includes a discussion in Section V below as to why the public
4 interest will be served by granting Direct Energy the CC&N requested by this Application. In the
5 event that the Commission and/or Staff should request further information in connection with the
6 Commission's processing of this Application, Direct Energy will endeavor to be responsive to
7 such request.

8 In that regard, Direct Energy anticipates that the Commission's Hearing Division will issue
9 a Procedural Order in connection with the Commission's consideration of this Application
10 providing, *inter alia*, for (i) provision of public notice, (ii) intervention, (iii) the filing of one or
11 more rounds of prepared testimony by parties of record, (iv) appropriate discovery procedures, and
12 (v) an evidentiary hearing on this Application. Through its prepared testimony, responses to
13 discovery requests and/or oral testimony at the evidentiary hearing, Direct Energy will provide
14 such further information as may be relevant to a Commission decision upon this Application.

15 **V.**

16 **ISSUANCE OF REQUESTED CC&N**
17 **WOULD BE IN THE PUBLIC INTEREST**

18 The issuance of a decision granting Direct Energy a CC&N to provide competitive retail
19 electric service as hereinabove described would be in the public interest. As herein noted, Direct
20 Energy is proposing to offer the benefits of retail electric competition to both residential and non-
21 residential consumers. In so doing, Direct Energy would be providing such consumers with
22 potentially lower energy costs and more innovative product and service options than exist under
23 their present sole supplier situation(s). These options may include expanded access to renewable
24 energy resources and advanced energy technologies, together with associated economic and
25 environmental benefits.

26 In connection with the foregoing, Direct Energy is well-qualified to participate in the
27 resumption of retail electric competition in Arizona. The company has many years of experience
28 providing a wide array of such services to residential and non-residential customers throughout the

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1 United States, and has ample access to such managerial, financial and technological resources as
2 may be necessary or appropriate in connection with a full discharge of its responsibilities as a
3 certificated provider of competitive retail electric services within the service areas of APS, SRP
4 and TEP.

5 Additionally, Direct Energy believes it has a responsibility to support the communities in
6 which its employees, representatives and customers live and work. Accordingly, Direct Energy is
7 committed to supporting local and national organizations and community groups by providing
8 funding, products and services, knowledge, networking and volunteers. In regards to same, a list
9 highlighting Direct Energy's community dedication is attached hereto as Appendix "H".

10 VI.

11 CONCLUSION

12 WHEREFORE, based upon the information set forth above and the Appendices attached to
13 this Application, Direct Energy hereby requests that the Commission (i) issue an appropriate order
14 establishing a process for and scheduling an evidentiary hearing on this Application, and (ii)
15 thereafter issue a decision granting Direct Energy a CC&N to provide competitive retail electric
16 services within the electric service areas of APS, SRP and TEP, as hereinabove requested.

17
18 Dated this 30th day of April, 2013.

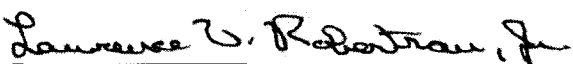
19 Respectfully Submitted,

20
21 Lawrence V. Robertson, Jr.,
22 Of Counsel to Munger Chadwick, P.L.C.

23 and

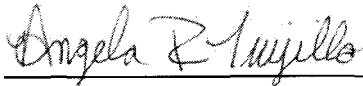
24 Robert J. Metli
25 Munger Chadwick, P.L.C.
26 Attorneys for Direct Energy Services, LLC

27 By:

28 
Lawrence V. Robertson, Jr.,

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

1
2 The original and thirteen (13) copies of the
3 foregoing Application and Appendices will
4 be filed on the 1st day of May, 2013 with the
5 Commission's Tucson offices at
6 400 W. Congress, Suite 221
7 Tucson, Arizona 85701,
8 for transmittal to
9 Docket Control
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007
13 A copy of the foregoing Application will be
14 emailed/mailed that same date to:
15 Lyn A. Farmer,
16 Chief Administrative Law Judge
17 Hearing Division
18 Arizona Corporation Commission
19 1200 West Washington Street
20 Phoenix, Arizona 85007
21 Steve Olea, Director
22 Utilities Division
23 Arizona Corporation Commission
24 1200 West Washington Street
25 Phoenix, Arizona 85007
26 Janice M. Alward, Chief Legal Counsel
27 Legal Division
28 Arizona Corporation Commission
1200 W Washington
Phoenix, AZ 85007-2927



Appendix “A”

Direct Energy Services, LLC
Certificate of Convenience and
Necessity Application
May 1, 2013

Delaware

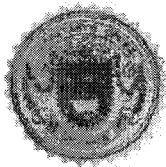
PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF FORMATION OF "DIRECT ENERGY SERVICES,
LLC", FILED IN THIS OFFICE ON THE TWENTY-SECOND DAY OF JUNE,
A D 2004, AT 12:37 O'CLOCK P.M.

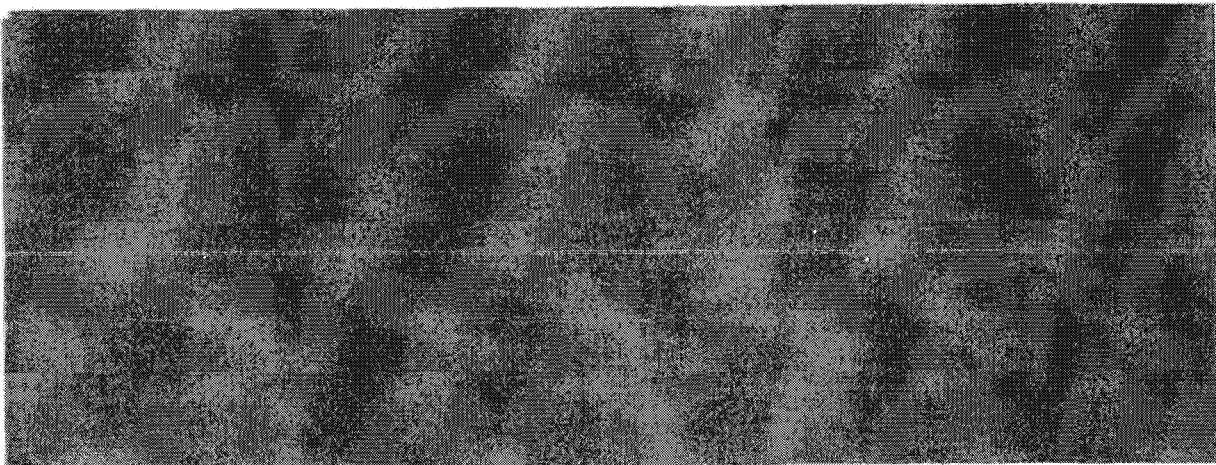
3819310 8100

040459100



Harriet Smith Windsor
AUTHENTICATION: 1146983

DATE: 06-22-04



CERTIFICATE OF FORMATION

OF

DIRECT ENERGY SERVICES, LLC

This Certificate of Formation, dated June 22, 2004, has been duly executed and is filed pursuant to Section 18-201 of the Delaware Limited Liability Company Act (the "Act") to form a limited liability company (the "Company") under the Act.

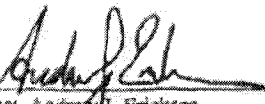
1. **Name.** The name of the Company is: "Direct Energy Services, LLC".
2. **Registered Office; Registered Agent.** The address of the registered office required to be maintained by Section 18-104 of the Act is:

Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801

The name and the address of the registered agent for service of process required to be maintained by Section 18-104 of the Act are:

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801

EXECUTED as of the date written first above.

By: 
Name: Andrew J. Erickson
Authorized Person



Delaware

PAGE 1

The First State

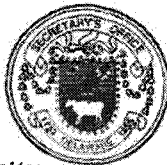
I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "STRATEGIC ENERGY, L.L.C.", CHANGING ITS NAME FROM "STRATEGIC ENERGY, L.L.C." TO "DIRECT ENERGY BUSINESS, LLC", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF AUGUST, A.D. 2008, AT 2:55 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF AMENDMENT IS THE FIRST DAY OF SEPTEMBER, A.D. 2008.

2945519 8100

080877209

You may verify this certificate online
at corp.delaware.gov/authver.shtml



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6796125

DATE: 08-15-08

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:00 PM 08/15/2008
FILED 02:55 PM 08/15/2008
SRV 080877209 - 2945519 FILE

CERTIFICATE OF AMENDMENT TO THE CERTIFICATE OF FORMATION
OF
STRATEGIC ENERGY, L.L.C.

STRATEGIC ENERGY, L.L.C. (hereinafter called the "Company"), a limited liability company organized and existing under and by virtue of the Limited Liability Company Act of the State of Delaware (the "Act"),

DOES HEREBY CERTIFY:

FIRST: That the date the Company was first formed is September 24, 1998.

SECOND: The name of the Company at the time of filing of this Certificate of Amendment is Strategic Energy, L.L.C.

THIRD: The Certificate of Formation of the Company is hereby amended as follows:

The name of the Company shall be changed to:

DIRECT ENERGY BUSINESS, LLC

FOURTH: This Certificate of Amendment shall be effective on September 1, 2008.

IN WITNESS WHEREOF, said Strategic Energy, L.L.C. has caused this certificate to be signed by Maura Clark, its Authorized Person this 13th day of August, 2008.

Maura Clark
By Maura Clark
(Title) Authorized Person

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "STRATEGIC ENERGY, L.L.C.", FILED IN THIS OFFICE ON THE THIRTY-FIRST DAY OF AUGUST, A.D. 2004, AT 12:14 O'CLOCK P.M.

2945519 8100

080855904

You may verify this certificate online
at corp.delaware.gov/authver.shtml



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 6779884

DATE: 08-07-08

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF FORMATION
OF
STRATEGIC ENERGY, L.L.C.

Strategic Energy, L.L.C. (hereinafter called the "company"), a limited liability company organized and existing under and by virtue of the Limited Liability Company Act of the State of Delaware, does hereby certify:

1. The name of the limited liability company is Strategic Energy, L.L.C.
2. The certificate of formation of the company is hereby amended by striking out Article 2 thereof and by substituting in lieu of said Article the following new Article:

"2. The address of the registered office and the name and the address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are National Registered Agents, Inc., 9 East Loockerman Street, Suite 1B, Dover, County of Kent, Delaware 19901."

Executed on

8/30/04
Month/Day/Year


Jan L. Fox, Member

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:25 PM 08/31/2004
FILED 12:14 PM 08/31/2004
SRV 040634063 - 2945519 FILE

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF LIMITED LIABILITY COMPANY OF
"STRATEGIC ENERGY, L.L.C.", FILED IN THIS OFFICE ON THE
TWENTY-FOURTH DAY OF SEPTEMBER, A.D. 1998, AT 11:30 O'CLOCK A.M.



A handwritten signature in cursive script, reading "Edward J. Freel".

Edward J. Freel, Secretary of State

2945519 8100

981370399

AUTHENTICATION: 9319781

DATE: 09-24-98

CERTIFICATE OF FORMATION
OF
STRATEGIC ENERGY, L.L.C.

This Certificate of Formation of Strategic Energy, L.L.C. (the "LLC"), dated as of September 24, 1998, is being duly executed and filed by Chester R. Babst III, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del. C. § 18-101, et seq.).

FIRST. The name of the limited liability company formed hereby is Strategic Energy, L.L.C.

SECOND. The address of the registered office of the LLC in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

THIRD. The name and address of the registered agent for service of process on the LLC in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first above written.


Chester R. Babst III, Authorized Person

Document Number: Cert of Formation - Energy.wpd

Appendix “B”

Direct Energy Services, LLC
Certificate of Convenience and
Necessity Application
May 1, 2013

Appendix B

List of names, titles and dates appointed of Direct Energy Services, LLC's corporate officers.

Board Positions

Name	Position	Date Appointed
Clark, Maura	Director	05/28/2010
Murray, Steven	Director	03/01/2011

Officers

Name	Position	Date Appointed
Dohwardt, Bray	Vice President	05/28/2010
Brown, Reagan	Assistant Secretary	11/14/2012
Tran, Son	Assistant Secretary	04/01/2012
Asthana, Manu	Senior Vice President	03/01/2011
Dohwardt, Bray	Secretary	02/03/2012
Streich, Julie	Vice President, Finance	11/14/2012
Murray, Steven	President, Direct Energy Residential	03/01/2011
Clark, Maura	President, Direct Energy Business	04/25/2008
Williamson, John	Vice-President, Finance Direct Energy Business	03/01/2011

Appendix B (continued)

List of names, titles and dates appointed of Direct Energy Business, LLC's corporate officers.

Board Positions

Name	Position	Date Appointed
Clark, Maura	Director	06/02/2008
Khan, Badar	Director	05/28/2010

Officers

Name	Position	Date Appointed
Clark, Maura	President	06/02/2008
Dohrwardt, Bray	Vice President	06/08/2010
Brown, Reagan	Assistant Secretary	11/14/2012
Galligan, Craig	Assistant Secretary	03/15/2013
Tran, Son	Assistant Secretary	01/04/2012
Asthana, Manu	Senior Vice President	03/01/2011
Dohrwardt, Bray	Secretary	02/03/2012
Williamson, John	Vice President, Finance	03/01/2011
Senff, Michael	Vice President, Sales & Marketing	03/15/2013

Appendix “C”

Direct Energy Services, LLC
Certificate of Convenience and
Necessity Application
May 1, 2013

APPENDIX C

COMPETITIVE ELECTRICITY TARIFF

Direct Energy Services, LLC

A.C.C. No: XXXXX

Tariff No: XXXX

Effective: XXXX XX, 2013

NON-RESIDENTIAL TARIFF

DESCRIPTION

Under this Tariff, Direct Energy provides competitive retail electricity supply and other competitive energy services to NON-RESIDENTIAL end user customers eligible for direct access within service territories of each of the following utilities: **Arizona Public Service Company, Salt River Project and Tucson Electric Power Company.**

Pursuant to this Tariff, Direct Energy will provide and sell competitive electricity supply and billing services. Direct Energy may also sell, but not physically provide, the meter services and meter reading services of certificated providers of such services.

This is not a “provider of last resort” tariff. Retail customers are not required to select Direct Energy. This Tariff is not available to residential customers. Direct Energy is not a utility transmission and/or distribution company, and does not provide transmission and distribution service.

AVAILABILITY

1. Direct Energy makes electricity supply available under this Tariff to non-residential end user customers. This Tariff is available to customers within the service territories of each of the above-indicated utilities who are eligible for service under non-residential utility rate schedules.
2. Direct Energy may at its sole discretion, refuse service to an otherwise eligible customer for any of the following reasons: 1) The customer is not credit worthy; 2) The customer refuses to pay the price at which Direct Energy offers electricity supply pursuant to this Tariff; 3) Direct Energy is unwilling to provide or incapable of providing the service requested by the customer at a price the customer is willing to pay; 4) The customer is located in a geographic area where Direct Energy is either not certificated to serve or related service agreements are not established; 5) The customer refuses to sign a contract for service or refuses to accept offered prices, terms and conditions for electricity supply pursuant to this Tariff; 6) The customer is unwilling to wait for the period of time Direct Energy or the applicable utility deems is necessary to begin receiving service from Direct

Energy; or 7) The customer does not have the proper electrical equipment infrastructure to receive electricity from Direct Energy.

3. Direct Energy shall not be deemed as having refused service to any customer eligible for service under this Tariff if, in the opinion of such customer, Direct Energy did not respond to a sales inquiry or otherwise present or follow up on a specific sales contract proposal in a time frame desired by said customer.
4. Direct Energy is not required to respond to any request for proposal issued by any customer eligible for service under this Tariff seeking competitive bids from authorized providers of competitive end user electric services.

NON-RESIDENTIAL ELECTRICITY SERVICE AGREEMENT ("NONRES ESA")

1. The terms and conditions for service under this Tariff will be specified in a NONRES ESA executed between Direct Energy and an eligible customer. Subject to the terms of this Tariff, the NONRES ESA will specify the contract duration, prices, deal structure and other terms and conditions of service negotiated by the parties.
2. The NONRES ESA shall specify the specific charges that will apply and the manner in which the supply volumes delivered pursuant to the NONRES ESA shall be determined.
3. The NONRES ESA between Direct Energy and an eligible customer may be supplemented from time to time by riders negotiated and executed by both Direct Energy and eligible customers to specify additional electricity delivery terms and conditions. Such executed riders shall be governed by the terms and conditions of the underlying NONRES ESA.

CHARGES

1. Direct Energy's charges for electricity supply shall be charged at a rate which is (i) not less than Direct Energy's marginal cost of providing such service, and (ii) not more than the Not to Exceed Price, which will be determined as follows:
 - a. When the NONRES ESA provides for pricing that reflects a specific index price, the Not to Exceed Price will be the specified index plus 35%. The determination that a NONRES ESA is consistent with this provision will be based on the specified index price applicable on the date the NONRES ESA is executed.
 - b. When the NONRES ESA provides for a fixed price electricity supply for the term of the NONRES ESA, the Not to Exceed Price shall be the generation rate of the Customer's applicable retail schedule plus 35%. If the Customer has more than one otherwise applicable retail rate schedule, the highest applicable retail rate schedule will be used for purposes of the consistency determination. The determination that a NONRES ESA is consistent with this provision will be based on the Customer's otherwise applicable retail rate schedule in effect on the date the NONRES ESA is executed.
2. The Not to Exceed Price does not include taxes or any utility charges that are imposed on the customer pursuant to utility tariffs or tariff riders approved by the Commission or Salt River Project's Board of Directors, as the case may be, including utility network transmission and distribution charges, system benefit charges, or any surcharges imposed by the utility.

3. The NONRES ESA may contain provisions for the cost pass-through of certain component charges not included in the relevant index price, but that are required or related to the electricity supply provided by Direct Energy. These components may include capacity, ancillary services, renewable energy, congestion costs, broker fees, and scheduling costs. The Not to Exceed Price itself does not include any such cost pass-through charges. Components of the charges established in the NONRES ESA as cost pass-through charges may vary on a month to month basis pursuant to the terms of the NONRES ESA.
4. The NONRES ESA may contain provisions for Metering Services to be provided by a Commission certificated meter service provider at a market based charge not to exceed the provider's maximum Commission-approved charge, and passed through by Direct Energy without mark-up to the customer.
5. The NONRES ESA may contain provisions for Meter Reading Services to be provided by a Commission authorized meter reading services provider at a market based charge, not to exceed the provider's maximum Commission-approved charge, and passed through without mark-up by Direct Energy.
6. The NONRES ESA will provide for Billing and Collection services at charges negotiated between Direct Energy and the eligible customer. Such charges may vary depending on whether Direct Energy or the utility is providing billing and collection services.

OTHER PROVISIONS

1. Direct Energy may express negotiated electricity supply prices in terms of discounts (percentage or otherwise) from bundled regulated services (i.e., Standard Offer Service) in contracts and monthly bills, or in any other manner or pricing structure.
2. Direct Energy may seek to change, amend or revise this Tariff at any time upon application to the Commission. Any such amendments, changes, or revisions shall become effective only upon approval by the Commission, and shall be implemented by Direct Energy only prospectively. Such approved changes, amendments or revisions shall not operate to amend, modify, change or revise NONRES ESAs entered into prior to the effective date of such approved changes, amendments or revisions of this Tariff, unless the prospect of such change is expressly provided for within the NONRES ESA.

Appendix “D”

Direct Energy Services, LLC
Certificate of Convenience and
Necessity Application
May 1, 2013

APPENDIX D

COMPETITIVE ELECTRICITY TARIFF

Direct Energy Service, LLC

A.C.C. No: XXXXX

Tariff No: XXXX

Effective: XXXX XX, 2013

RESIDENTIAL TARIFF

DESCRIPTION

Under this Tariff, Direct Energy, under its residential line of business (“DER”), provides competitive retail electricity supply and other competitive energy services to RESIDENTIAL end user customers eligible for direct access within service territories of each of the following utilities: **Arizona Public Service Company, Salt River Project and Tucson Electric Power Company.**

Pursuant to this Tariff, DER will provide and sell competitive electricity supply and billing services. DER may also sell, but not physically provide, the meter services and meter reading services of certificated providers of such services.

This is not a “provider of last resort” tariff. Retail customers are not required to select DER. This Tariff is available to residential customers. DER is not a utility transmission and/or distribution company, and does not provide transmission and distribution service.

AVAILABILITY

1. DER makes electricity supply available under this Tariff to residential end user customers. This Tariff is available to customers within the service territories of each of the above-indicated utilities who are eligible for service under residential utility rate schedules.
2. DER may at its sole discretion, refuse service to an otherwise eligible customer for any of the following reasons: 1) The customer is not credit worthy; 2) The customer refuses to pay the price at which DER offers electricity supply pursuant to this Tariff; 3) DER is unwilling to provide or incapable of providing the service requested by the customer at a price the customer is willing to pay; 4) The customer is located in a geographic area where DER is either not certificated to serve or related service agreements are not established; 5) The customer refuses to sign a contract for service or refuses to accept offered prices, terms and conditions for electricity supply pursuant to this Tariff; 6) The customer is unwilling to wait for the period of time DER or the applicable utility deems is necessary to begin receiving service from DER; or 7) The customer does not have the proper electrical equipment infrastructure to receive electricity from DER.
3. DER shall not be deemed as having refused service to any customer eligible for service under this Tariff if, in the opinion of such customer, DER did not respond to a sales inquiry or otherwise present or follow up on a specific sales contract proposal in a time frame desired by said customer.

4. DER is not required to respond to any request for proposal issued by any customer eligible for service under this Tariff seeking competitive bids from authorized providers of competitive end user electric services.

RESIDENTIAL ELECTRICITY SERVICE AGREEMENT ("RES ESA")

1. The terms and conditions for service under this Tariff will be specified in a RES ESA executed between DER and an eligible customer. Subject to the terms of this Tariff, the RES ESA will specify the contract duration, prices, deal structure and other terms and conditions of service negotiated by the parties.
2. The RES ESA shall specify the specific charges that will apply and the manner in which the supply volumes delivered pursuant to the RES ESA shall be determined.
3. The RES ESA between DER and an eligible customer may be supplemented from time to time by riders negotiated and executed by both DER and eligible customers to specify additional electricity delivery terms and conditions. Such executed riders shall be governed by the terms and conditions of the underlying RES ESA.

CHARGES

1. DER's charges for electricity supply shall be charged at a rate which is (i) not less than DER's marginal cost of providing such service, and (ii) not more than the Not to Exceed Price, which will be determined as follows:
 - a. When the RES ESA provides for pricing that reflects a specific index price, the Not to Exceed Price will be the specified index plus 35%. The determination that a RES ESA is consistent with this provision will be based on the specified index price applicable on the date the RES ESA is executed.
 - b. When the RES ESA provides for a fixed price electricity supply for the term of the RES ESA, the Not to Exceed Price shall be the generation rate of the Customer's applicable retail schedule plus 35%. If the Customer has more than one otherwise applicable retail rate schedule, the highest applicable retail rate schedule will be used for purposes of the consistency determination. The determination that a RES ESA is consistent with this provision will be based on the Customer's otherwise applicable retail rate schedule in effect on the date the RES ESA is executed.
2. The Not to Exceed Price does not include taxes or any utility charges that are imposed on the customer pursuant to utility tariffs or tariff riders approved by the Commission or Salt River Project's Board of Directors, as the case may be, including utility network transmission and distribution charges, system benefit charges, or any surcharges imposed by the utility.
3. The RES ESA may contain provisions for the cost pass-through of certain component charges not included in the relevant index price, but that are required or related to the electricity supply provided by DER. These components may include capacity, ancillary services, renewable energy, congestion costs, broker fees, and scheduling costs. The Not to Exceed Price itself does not include any such cost pass-through charges. Components of the charges established in the RES ESA as cost pass-through charges may vary on a month to month basis pursuant to the terms of the RES ESA.

4. The RES ESA may contain provisions for Metering Services to be provided by a Commission certificated meter service provider at a market based charge not to exceed the provider's maximum Commission-approved charge, and passed through by DER without mark-up to the customer.
5. The RES ESA may contain provisions for Meter Reading Services to be provided by a Commission authorized meter reading services provider at a market based charge, not to exceed the provider's maximum Commission-approved charge, and passed through without mark-up by Direct Energy.
6. The RES ESA will provide for Billing and Collection services at charges negotiated between DER and the eligible customer. Such charges may vary depending on whether DER or the utility is providing billing and collection services.

OTHER PROVISIONS

1. DER may express negotiated electricity supply prices in terms of discounts (percentage or otherwise) from bundled regulated services (i.e., Standard Offer Service) in contracts and monthly bills, or in any other manner or pricing structure.
2. DER may seek to change, amend or revise this Tariff at any time upon application to the Commission. Any such amendments, changes, or revisions shall become effective only upon approval by the Commission, and shall be implemented by DER only prospectively. Such approved changes, amendments or revisions shall not operate to amend, modify, change or revise RES ESAs entered into prior to the effective date of such approved changes, amendments or revisions of this Tariff, unless the prospect of such change is expressly provided for within the RES ESA.

Appendix “E”

Direct Energy Services, LLC
Certificate of Convenience and
Necessity Application
May 1, 2013

Appendix E

Centrica's financial statements for the twelve (12) months ended December 31, 2102 can be found under the Financial Statements tab located at the link below:

<http://www.centrica.com/files/reports/2012ar/index.asp>

Appendix “F”

Direct Energy Services, LLC
Certificate of Convenience and
Necessity Application
May 1, 2013

Appendix F

Describe Direct Energy's experience as a competitive supplier of electricity.

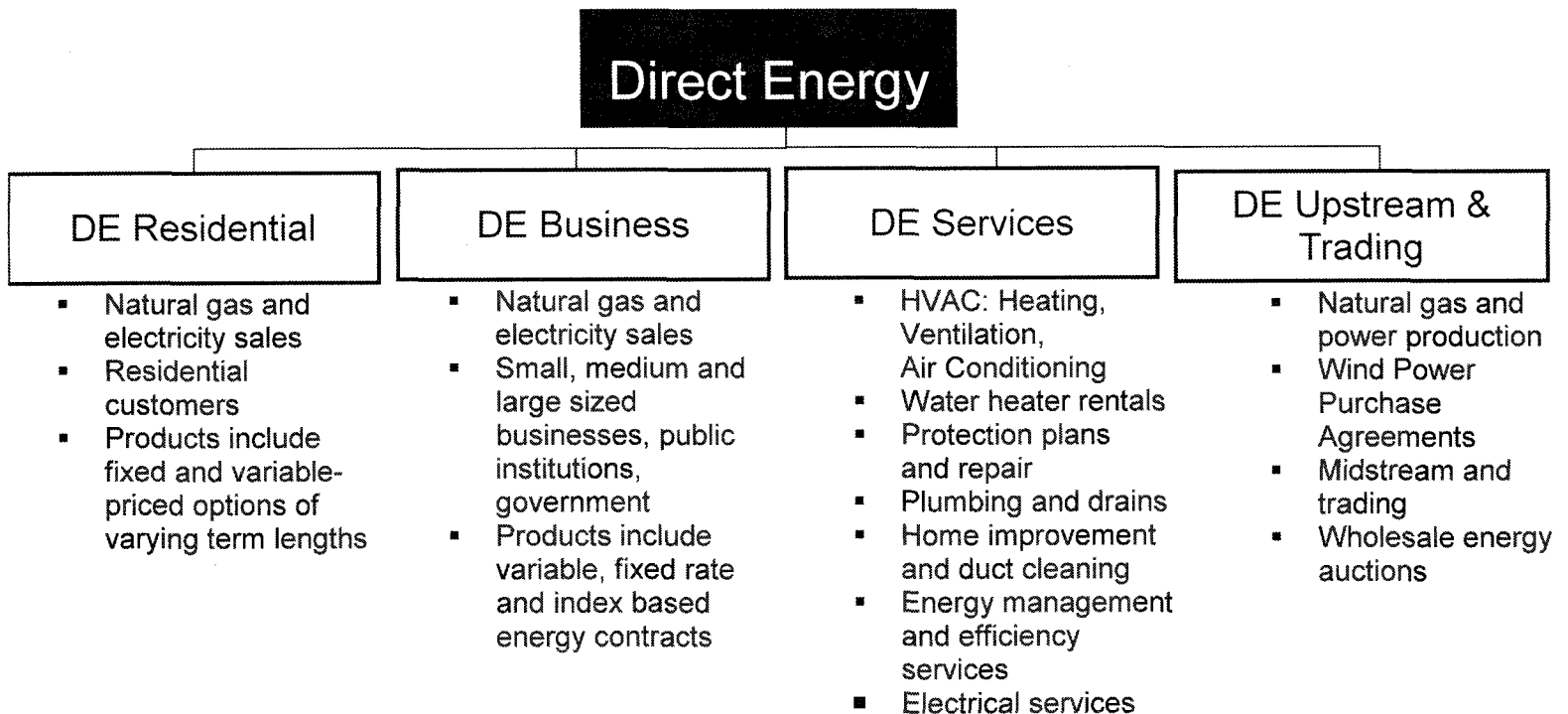
Direct Energy

- Entered North American market in Ontario in August 2000
- In 2011, grew to over 6,000 employees
- Over 6 million customer relationships
- Integrated energy retailer with upstream assets and downstream expertise, offering a wide range of energy and related services
- Operates in 10 Canadian provinces and 50 US states plus the District of Columbia
- 12th largest private company per The Globe and Mail's annual 350 Biggest Private Companies ranking
- Environmental Management System achieved ISO 14001 certification, international recognition for environmental excellence

Centrica, PLC –

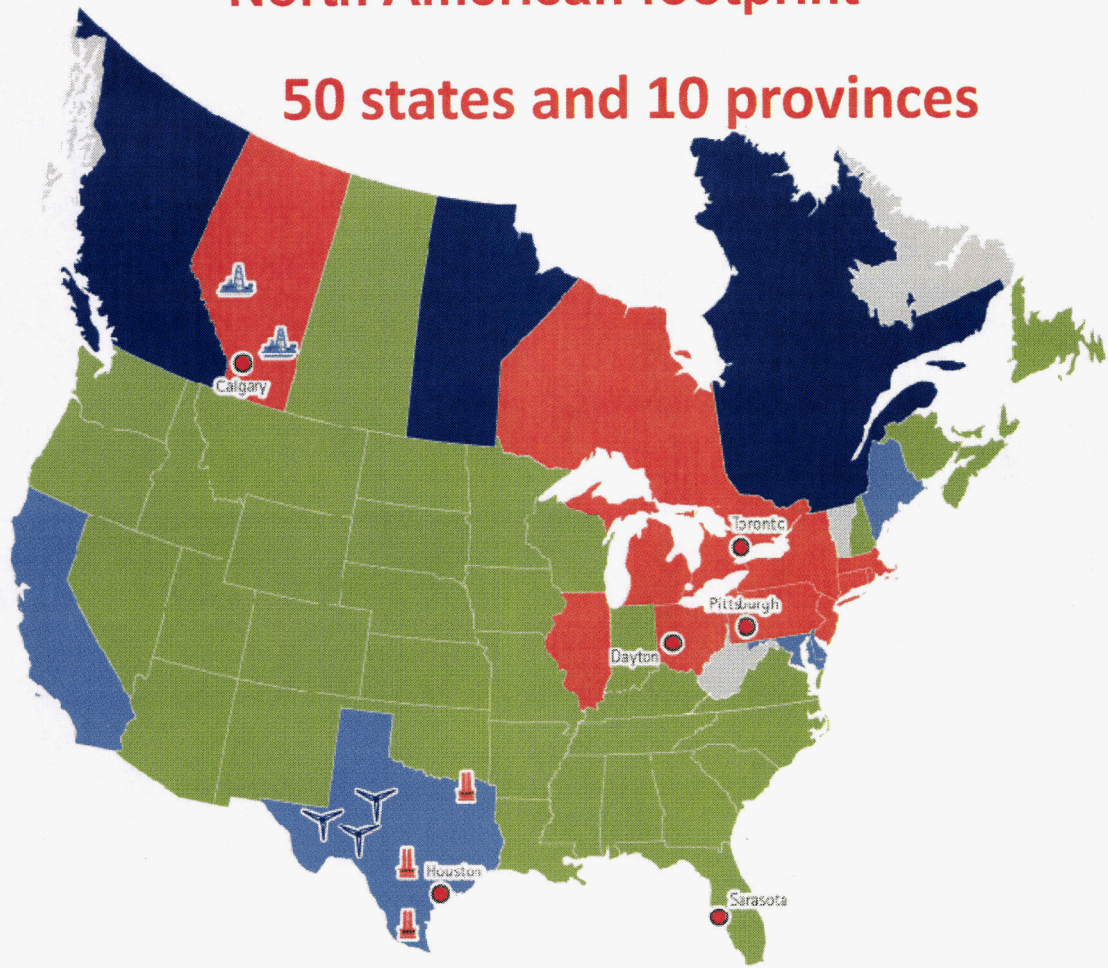
Direct Energy's Parent Company

- Formed in 1997, following de-merger with British gas
- Top 30 FTSE 100 company
- Operations in UK, North America, Europe, Africa, Caribbean
- Revenues of £22.8 billion in 2011
- Operating profit of £1.3 billion in 2011
- 34,000 employees world-wide
- Over 30 million customers globally
- Trades on the London Stock Exchange (CNA: LSE)
- A- credit rating (S&P)
- Owns one of the UK's best known brands – British Gas



Direct Energy's North American footprint

50 states and 10 provinces



● Main Offices

Upstream

🔧 Power Plants (1305MW)

🌬️ Wind Farms (813MW)

🏠 Gas Fields (172M Mcf/d)

Downstream

🔴 Natural Gas/Electricity/Services

🔵 Natural Gas/Services

🟡 Electricity/Services

🟢 Services

Upstream

Renewable Energy

813 MW of Texas
wind power contracts

Upstream Gas

4,647 natural gas wells
in Alberta

Upstream Power

Three gas-fired power
stations 1305 MW in Texas

Downstream

DE Business

Providing gas and electricity
to C&I customers in Canada,
Texas, US North

DE Residential

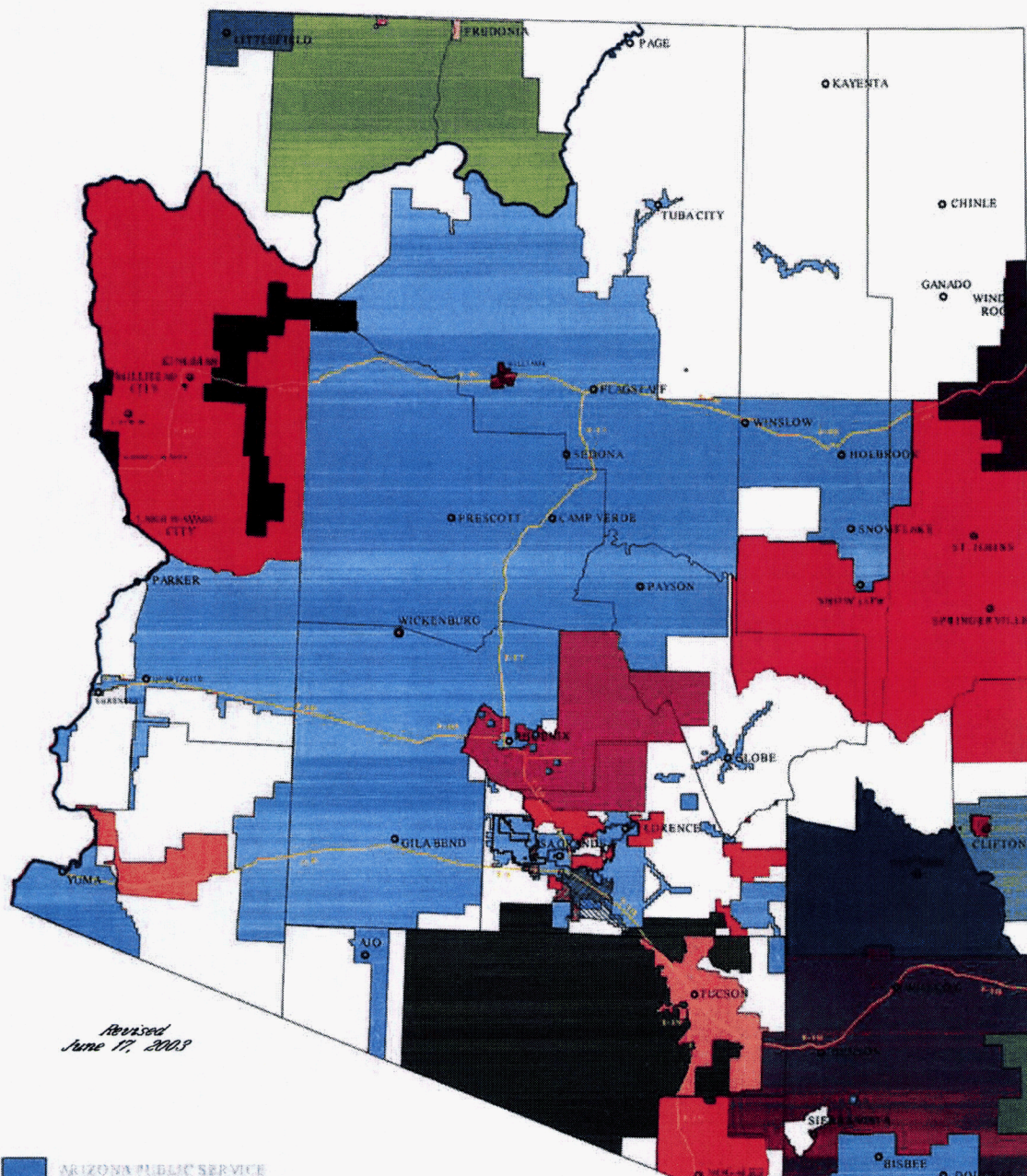
Serving gas and electricity customers in
core markets in Canada, Texas, US North

DE Services

Serving residential and business services
customers across North America

Direct Energy's Rankings and Accolades

- #1 competitive retail energy supplier by residential customer count in North America (KEMA, September 2011)
- #1 home services company in North America
- #3 C&I retailer by annual volumes in North America (KEMA, September 2011)
- 2nd largest Canadian company in electrical, gas utilities and pipelines sector (Financial Post 500 Ranking, June 2011)
- 39th largest company in Canada by total revenue (Financial Post 500 Ranking, June 2011)
- 6th largest foreign-controlled company in Canada (Financial Post 500 Ranking, June 2011)
- Top Foreign-owned Corporate Citizen in Canada (Corporate Knights, June 2011)
- Top 50 Socially Responsible Corporations report (Maclean's, July 2010)



ARIZONA PUBLIC SERVICE	ELECTRIC DISTRICT NO. 1	MORENCI WATER & ELECTRIC
UNISOURCE ENERGY SERVICES	ELECTRIC DISTRICT NO. 2	NAVOPACHE ELECTRIC CO-OP
CITY OF FLAGSTAFF	ELECTRIC DISTRICT NO. 3	SALT RIVER PROJECT
CITY OF WILLIAMS	ELECTRIC DISTRICT NO. 4	SAN CARLOS IRRIGATION
COLORADO CITY	ELECTRIC DISTRICT NO. 5	SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
COLUMBUS ELECTRIC CO-OP	GARKANE POWER ASSOCIATION	TRICO ELECTRIC COOPERATIVE
CONTINENTAL DIVIDE ELECTRIC COOPERATIVE, INC.	GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.	TUCSON ELECTRIC POWER
DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION	MOHAVE ELECTRIC COOPERATIVE	WELLTON MOHAWK
DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.		

STATE OF ARIZONA - ELECTRIC

Direct Energy Non-Residential Products

Today, Direct Energy Business customers can effectively manage and control costs using the latest information and technology. Customers receive competitive fixed pricing and can rely on Direct Energy to help them decide the best times to purchase.

Fixed Price Solution – Gives customer one fixed price per kWh throughout their contract term:

- Price certainty – one fixed price for all usage;
- Simplicity – make a one-time decision and get an easy-to-understand bill;
- Easy budget management – manage to budget because the price is fixed no matter how usage changes;
- Usage variance protection – keep a fixed price even when usage varies from events beyond the customer's control including a long summer heat wave.

Direct Energy Residential Products

Today, Direct Energy Residential customers can manage and control costs in new and powerful ways, using the latest information and technology. Customers receive competitive pricing, expertise to help them decide the best times to purchase, and a full range of products to choose from.

Core Products:

Fixed Price Solutions – Gives customers one fixed price per kWh throughout their contract term:

- Price certainty – one fixed price for all usage;
- Simplicity – make a one-time decision and get an easy-to-understand bill;
- Easy budget management – manage to the budget because the price is fixed in advance for all usage;
- Usage variance protection – keep a fixed price even when usage varies from events beyond the customer's control, such as a long summer heat wave.

Variable Price Solutions – Gives customers a month-to-month price per kWh with no contract or cancellation fee:

- Flexibility – great option for customers looking for a no-contract plan;
- Optionality – customers enjoy a month-to-month rate and have the freedom to switch to a fixed price plan at any time;
- Simplicity – customer can cancel or change the contract at any time with no fee.

Time of Use Solutions – Gives customers a month-to-month price per kWh with no contract or cancellation fee:

- Free Power Day – receive free power on customer's choice day;
- Best Hourly Rate Plan - offers two different rates during on-peak and off-peak hours throughout the day, encouraging customers to use energy when costs are lower.

Prepaid Electricity - Pay for a specific amount of electricity to activate your account and continue to pay as often as you like to keep your account balance above zero

- No deposit nor credit check required;
- Customers can cancel or change the contract at any time with no fee;
- Customers receive text messages or emails that allow them to see how much electricity they are using on a regular basis allowing them to better manage energy usage and costs.

Index Plus Block Solutions – The default energy price is the spot-market index price, which varies hourly; customers can purchase fixed volumes of electricity (blocks) at fixed prices during the term of the contract:

- Power Portfolio™ - An integrated purchasing solution for customers working directly with Direct Energy's energy experts
- Flexibility – change how much usage is at a fixed price;
- The ability to take advantage of market events – make purchases when market events present buying opportunities; and
- Lower price – avoid the additional cost for usage variance protection (customers take the risk of market prices for usage not covered by a fixed price block).

Value-Added Products: In addition, where appropriate, DE also makes the following products and services available to customers:

Renewable Energy – Direct Energy Residential offers Green-e Energy Certified Renewable Energy Certificates (RECs) from wind power to meet customer's environmental and budget objectives which:

- Support the operation of renewable power plants;
- Product zero emissions of greenhouse gases and no harmful pollutants; and
- Promote sustainable energy programs in the U.S.

Demand Response Technologies – provides a way for companies to respond to energy market and demand changes.

- Streamlines processes to improve the efficiency of the customer's business.
- VirtuWatt, TM an online application, makes it easy for customers to monitor and manage their energy usage and demand response

Solar Power – an important and fast-growing part of the nation's energy supply.

- Clean technology – a great option for those seeking an alternative to fossil fuel technologies.
- Sustainable – if a customer's organization is seeking to develop sustainable and responsible strategies, solar and other green technologies can help.
- Solar expertise – we can design, install and maintain your solar project.

Energy Efficiency – Direct Energy Residential offers a full range of energy services to maximize efficiency, minimize costs and reduce emissions.

- Technical Solutions – including retrofits and upgrades, facility modernization, and on-site generation from renewable sources.
- Conservations programs – Direct Energy can help create conservation programs for customer's organizations.
- Financial solutions – with no upfront capitalization, paid for from guaranteed savings.

Key Personnel

(alphabetical order)

Mike Beck - VP and Chief Sales Officer, Direct Energy Residential

As Chief Sales Officer, Mike manages all sales activities for Direct Energy's residential business. In this capacity, he is responsible for customer acquisition, energy sales and channel activities across Direct Energy's US and Canadian footprint. Prior to that, he held roles as Vice President Small Business and Vice President and General Manager for the company's Mass Market business across the Midwest and Northeast U.S. regions. During his tenure as VP and GM, Mike significantly enhanced our market coverage, expanded sales channels and doubled our customer portfolio. Mike has been an architect and driver behind Direct Energy's impressive growth in the U.S. North division, which has grown from 200,000 to over 1.1M customers in the last 3-5 years.

Mike has recently celebrated his 10 year anniversary with Direct Energy and is proud to be one of the original 25 employees in the U.S.

Before joining Direct Energy in 2002, Mike was recruited in a leadership capacity to Dynegy Energy Services where he was responsible for managing joint ventures with incumbent gas and electric utilities and developing the energy services platform. While with the company, Mike was awarded Dynegy's Encore Award for outstanding leadership and performance.

With more than 20 years of energy experience, Mike has broad knowledge of the energy industry with a focus on retail energy that has led to a career marked by successful sales, marketing and business management. Mike's career in the energy industry began in 1990 with Illinois Power Company in Decatur, Illinois with various roles in marketing, sales and product development. His first managerial experience was in 1993 as the Marketing Development Manager for Illinois Power Company.

Mike graduated from Southern Illinois University with a Bachelor of Science degree in Marketing and Management and obtained his MBA in Business Administration at Illinois State University.

Rob Comstock – VP, General Manager, Direct Energy Residential

Rob is part of the DE Residential Leadership Team, with General Management responsibility for Direct Energy's Texas and US North residential energy businesses. He has been with Direct Energy for more than seven years in a variety of leadership roles across DE Residential, DE Services and DE Business. Rob started with Direct Energy in US Growth Markets when the

North American business was organized geographically, leading Ops and IS for our Northeastern and Midwestern residential and commercial retail energy business. Rob also spent almost four years in Toronto, leading Direct Energy's Canadian Services Business.

Prior to joining DE, Rob spent almost 10 years in the oil industry with Hess and Sunoco before starting in Retail Energy with The New Power Company, one of the early entrants into the Texas competitive market.

Paul Dobson, Senior Vice President, Operations & IT, Direct Energy Business

Paul is responsible for all operations and IT functions for Direct Energy Business. In this capacity, Paul is responsible for all pricing, product development, enrollment, billing, collections and customer experience activities. In addition, Paul heads up the IT function for Direct Energy Business including IT production, architecture, development, vendor management and business continuity.

Paul joined Direct Energy in 2003 as CFO of the Canadian residential energy and home services business. In 2005 Paul relocated to the UK and took up the post of CFO of British Gas Business (a subsidiary of Centrica). In 2008, Paul relocated to Pittsburgh and took up the role of CFO, Direct Energy Business, a role he held until 2011.

Prior to joining Direct Energy, Paul worked for a large Canadian bank for 10 years in a variety of roles including CFO of their US retail subsidiary.

Paul earned an MBA from the University of Western Ontario and a HBA from the University of Waterloo. He is also a Certified Management Accountant.

Geoff Duda – VP, Chief Operating Officer, Direct Energy Residential

Geoff is part of the Direct Energy Residential Leadership Team, and is currently serving as Chief Operating Officer. He has been with DE for more than 8 years in a variety of leadership roles across Direct Energy Residential and Direct Energy Business. Recently, Geoff oversaw the successful integration of four retail energy business acquisitions beginning in March 2011. Prior to that, he spent two years in Ontario leading Direct Energy Business Canada.

Geoff began his career working in the regulated natural gas business for several utilities within the Columbia Energy Group (now NiSource), before helping to launch The New Power Company in the year 2000.

Nick Henn - Head of Business Development, Direct Energy Business

In his role as Head of Business Development for Direct Energy Business, Nick is responsible for the origination, development and early stage commercialization of new business ventures in support of Direct Energy Business' growth strategy. Nick also leads Direct Energy Business' Canadian Business, including an operations team based in Toronto.

Prior to moving to Direct Energy Business, Nick was VP and Head of Downstream Legal and Government & Regulatory Affairs for Direct Energy and has held a number of different roles within the Direct Energy legal team.

Nick moved to Canada to join Direct Energy in March 2005. Prior to that, he worked in the Centrica Corporate Centre legal team reporting to the European General Counsel. In that role, he primarily focused on mergers and acquisitions and corporate transactions.

Nick has a background in corporate and commercial law having started his legal career at Freshfields Bruckhaus Deringer, spending time in the London office as well as three years in the Hong Kong office. He obtained a law degree at the University of Southampton and then attended the College of Law Chester to complete his legal qualifications.

In 2008, Nick completed the Program for Leadership Development at Harvard Business School and in 2010 the Centrica General Management Programme.

Darin Holst - Head of US West & Canada Supply & Trading

As Head of US West & Canada, Darin is responsible for continued growth of west trading, renewables and origination.

Darin has been with Direct Energy for seven years and has over 20 years of power and gas commodity experience. Prior to Direct Energy, Darin was Sr. Vice President of Seminole Canada successfully leading a team responsible for gas and power trading including origination and risk management.

Darin has successfully built a strong US West trading and origination team upon joining Direct Energy significantly growing both profits and volume. The US West trading and origination team is customer focused offering customized energy solutions for both internal and external customers. Prior to Direct Energy, Darin has enjoyed a successful track record significantly growing Seminole Canada's physical trading and origination presences.

Darin holds a bachelor's degree in commerce majoring in accounting from the University of Lethbridge and currently is completing his Master's degree at the Athabasca University.

Jessica Mahaffey –Head of Government & Regulatory Affairs & External Communications

Jessica Mahaffey is the Head of Government & Regulatory Affairs & External Communications for Direct Energy. She is responsible for all downstream and upstream government and regulatory policy development and matters, external communications, corporate responsibility and community investment across Direct Energy's North American footprint.

Jessica has 20 years of experience in the electric utility industry. Before joining Direct Energy in January 2003, Jessica worked as a senior regulatory consultant for American Electric Power, responsible for regulatory relations at the Public Utility Commission of Texas (PUCT) and the Electric Reliability Council of Texas (ERCOT) with a focus on industry restructuring issues and the implementation of Customer Choice. Previous to that position, Jessica worked in the Corporate Communications department at the former Central Power and Light Company for seven years. Based in Corpus Christi, Jessica was spokesperson for the company's 44-county South Texas service area, with primary responsibility for media relations, external communications, issues management, and corporate advocacy.

Jessica holds a Bachelor of Arts degree in Journalism with a second concentration in Marketing and Management from Baylor University in Waco, Texas.

Mike Senff – VP, North American Sales, Marketing & Solutions, Direct Energy Business

Mike Senff is Vice President, North American Sales, Marketing and Solutions. As such, he is responsible for leading all sales channels, product solutions, market intelligence, sales operations as well as marketing and communications across our service areas. He has oversight of the development, implementation and positioning of the Direct Energy Business product suite. In addition, Mike also leads 360Direct which is utilizing a unique and diverse set of energy management products and services to create customized energy solutions.

Mike was previously Vice President of Pricing, Product & Portfolio Management for Direct Energy. He has spent more than 17 years in the energy industry in a variety of roles that include sales, marketing, procurement, scheduling, trading, pricing and portfolio management.

Prior to joining Direct Energy in 2004, Mike was Sr. Director, Commodity Operations for FirstEnergy Solutions, Inc., where he was responsible for physical procurement, hedge management, wholesale trading and retail portfolio management. Prior to joining FirstEnergy Solutions Mike spent several years at Enron Energy Services.

He holds undergraduate degrees in Logistics and Business Administration from the University of Akron.

John Williamson – VP, Finance, Direct Energy Business

John is Vice-President, Finance, for Direct Energy Business and has functional responsibility for financial risk management, planning and analysis, strategy, decision support and accounting, and reporting.

John has been with Direct Energy since February 2005, and has held numerous senior finance roles in various areas of the business in both Toronto and Pittsburgh. John also spent two years internationally with Direct Energy's parent company in the United Kingdom. Prior to joining Direct Energy, John spent 5 years with Canada's largest bank, RBC Financial Group, in various senior finance roles.

John is a Canadian Chartered Accountant with an honors degree in Economics from York University and an MBA in Finance from the Schulich School of Business.

Appendix “G”

Direct Energy Services, LLC
Certificate of Convenience and
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Appendix G

Direct Energy has successfully served customers in Arizona since December 2012 under the APS AG-1 pilot program. As the Arizona Corporation Commission observed in its Decision No. 73183, which approved of this four (4) year program, the APS Rate Schedule AG-1 program allows Generation Service Providers (such as Direct Energy) “to provide wholesale power to APS on behalf of specific customers,” such as large commercial and industrial customers. However, the program is not a substitute for a fully competitive retail electric market. Customer’s historic hourly load is analyzed to create a forward demand forecast that is provided to Arizona Public Service (APS) on a monthly basis and revised on a short-term basis as required. Hourly shaped firm electricity meeting the standards of WSPP Schedule C is delivered to APS at the Palo Verde 500 kV bus. Schedules are coordinated with APS on timelines that align with the Western Electricity Coordinating Council (WECC) guidelines.

Direct Energy has a diverse list of wholesale suppliers that are able to provide physical supply at various points connected to the Arizona grid. The company is also able to move that supply to points required by Arizona utilities through the NERC e-Tag process and transmission path reservations.

Direct Energy has a dedicated team, based in Houston, coordinating retail customer supply for both Arizona and California. This team coordinates supply activities with a western US power trading desk as well as a third party contracted to provide operational support services through its 24-hour desk. NERC e-tags are monitored on a 24-hour basis to ensure that electricity is delivered as scheduled and that in the event of curtailments, issues are resolved on a timely basis. Replacement power may be purchased and e-tags are revised in order to ensure continuous and reliable supply to the company’s customers.

Direct Energy is the largest residential energy retailer in North America based on customer numbers serving 3.5M customers across 13 US states and 4 Canadian provinces. In addition to the residential customer segment, Direct Energy is the third largest commercial & industrial retailer in North America based on customer numbers. We provide natural gas and electricity sales to small, medium and large sized businesses, public institutions and government organizations. We offer services in in five Canadian provinces and 14 US states plus the District of Columbia.

Appendix “H”

Direct Energy Services, LLC
Certificate of Convenience and
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Appendix H

Highlights of Direct Energy's commitment and dedication to community involvement:

PENNSYLVANIA

Alliance to Save Energy

- 2-year partnership to fund their *PowerSave* Schools program in 16 schools in Pennsylvania
 - The program empowers students to make a difference in the way their schools use energy.
 - Energy costs are an enormous expense for U.S. schools – approximately \$6 billion/year.
 - In many schools, energy costs are second only to personnel costs, exceeding the cost of textbooks and supplies.
 - What's worse, much of the consumed energy at schools is actually wasted.
 - *PowerSave* Schools students are educated about energy and the importance of energy efficiency, as well as trained to use a diagnostic toolkit that assesses the energy usage in their school.
 - The school building becomes a learning lab for students to apply science, math and even language arts to solve a global problem.
 - Through basic changes in operations, maintenance and individual behavior, schools participating in the program have achieved reductions in energy use of 5 to 20 percent.
 - In addition, the program encourages and equips students to promote the lessons of energy efficiency in their homes and communities.
 - Direct Energy funds the program for 8 schools in Pittsburgh's Propel School District, and 8 schools in suburban Philadelphia's North Penn school district.

Harrisburg Holiday Parade

- In 2011, Harrisburg famously declared bankruptcy and canceled their holiday parade. Not only did this mean breaking a tradition for tens of thousands of Harrisburg-area residents, it also meant the many businesses would be losing out on their biggest holiday shopping day of the year.
- Direct Energy quickly made the decision to step in and save the parade. For two years in a row now, Direct Energy has made sure that the city has the funds needed to maintain this wonderful holiday tradition. They also have an eager group of employee volunteers who make the trek across the state to help out with the festivities.

Project Bundle Up

- In the past four years, Direct Energy has raised more than \$25,000 for The Salvation Army's Project Bundle Up. In 2012, they raised enough to fund two shopping trips.
- Direct Energy employees volunteered to take Bundle Up kids shopping and got to see first-hand the difference made in children's lives.

Children's Hospital of Pittsburgh of UPMC

- Direct Energy donated more than \$20,000 to the hospital in 2012.
- They have also sponsored several volunteer events such as a Carnival and a Track and Field Day.
 - These events get children and their families out of the hospital rooms and get them involved in a wide range of activities.
 - DE staff also volunteer at each of these events, giving 15 to 18 people a chance to help per event.

Education Improvement Tax Credit

- Through the Education Improvement Tax Credit (EITC), Direct Energy gives \$175,000 a year to diverse organizations across the state.

American Red Cross

- Direct Energy sponsored their Heroes and Ride for Red events.

Harrisburg Senators

- Direct Energy partnered with the Senators to present Delivery of the First Ball, Kids Run the Bases, Play Ball Kids and First Pitch.

Races

- Direct Energy sponsored the Harrisburg Half Marathon and Millers Mutual Harrisburg Mile.

Volunteer Citizen of the Year Award

- Direct Energy partnered with *The Tribune-Review* in Pittsburgh, and the *Patriot News* in Harrisburg to award amazing community volunteers the coveted Volunteer Citizen of the Year.
 - Each winner gets \$5,000 for their charity and \$1,000 for themselves, which most donate back to the charity anyway.
- The VCOY gala takes place March 30 and recognizes the 5 Pittsburgh-area finalists with a winner being announced at the event. Ticket proceeds will benefit the 4 semi-finalists.

Potential Giant Eagle/Direct Energy program

- Based on our existing Volunteer Citizen of the Year program, Direct Energy could produce and implement, in partnership with Giant Eagle, a program that recognizes outstanding Giant Eagle employees who make a positive difference in their communities. Giant Eagle employees can nominate a coworker, and a panel of judges can pick a winner.
 - Based on the Volunteer Citizen model, the winner would receive \$1,000 and the charitable organization of their choosing would get \$5,000. The winner would also be honored at a small ceremony.

OHIO

Project Buckeye

- **The Ohio Alliance of Boys & Girls Clubs – Statehouse Day, February 28, 2013**
 - Direct Energy is announced a two-year partnership with the Alliance, totaling \$100,000, to sponsor their Power Hour program in 8 locations in Ohio. Power Hour is from 4 to 5 pm, Monday through Friday, and allows the children to work on their homework or other academic pursuits.
- **Columbus Office Opening**
 - Direct Energy will schedule an office opening event.

Volunteer Citizen of the Year

- We have partnered with 4 media groups across Ohio to present our Volunteer Citizen of the Year program – Cleveland, Dayton, Columbus Toledo and Cincinnati.

Heat the Town

- Direct Energy collaborated with IMPACT to plan and participate in the 2012 Heat the Town campaign. The event had 80 service technicians visit more than 200 low income and elderly homes to do safety checks, install clean filters and perform routine maintenance. Direct Energy also donated 200 carbon monoxide detectors to be installed in homes that are in need of them.

Others:

Volunteer Citizen of the Year

Launching in 17 U.S. cities in 2013, the national award-winning Volunteer Citizen of the Year award program recognizes the communities' unsung heroes. Winners receive a donation to their charity, a cash prize and local media coverage.

Winner of the American Business Awards' Silver Stevie®, the Volunteer Citizen of the Year award is designed to recognize the significant efforts of individuals whose contributions make their communities a better place to live. As an extension of Direct Energy's vision to harness its energy expertise to make a positive difference in people's lives, it encourages employees to volunteer their time and energy to causes or organizations in their local communities. First introduced in Alberta, Canada in 2005, the Volunteer Citizen of the Year award has been honoring volunteerism for nine successful years. Four years ago, Direct Energy expanded its Volunteer Citizen of the Year award program to the United States and now has programs in Pittsburgh, Cleveland, Harrisburg, Columbus, Cincinnati, Dayton, New York's Capital Region, Central Illinois and Chicago.

Small Business Community Heroes Award Program

A spin-off of the ever-successful Volunteer Citizen of the Year award program, this award program aims to recognize small business owners (less than 100 employees) who exemplify the volunteer spirit. Winners receive a cash prize, donation to their community charity of choice and local media coverage.

<http://www.business.directenergy.com/small-business/heroes>

Reduce Your Use For Good

The Reduce Your Use For Good program is committed to donating up to \$100,000 to North American nonprofits to help reduce energy use in increments of \$2,500. Nonprofits submit videos about their cause that are reviewed by a judging council. After the Direct Energy Facebook page garners 2,500 “likes”, Direct Energy donates \$2,500 to a winning charity. Direct Energy also hosts Reduce Your Use For Good events educating nonprofits about reducing their energy use in the workplace.

<http://www.reduceyouruseforgood.com/>